

The President's Daily Brief

19 June 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The Viet Cong are said to be planning to support almost any candidate in the upcoming South Vietnamese Lower House elections who speaks out against the government. (Page 1) In the developing campaign for the South Vietnamese presidency, Ky has made additional strongly worded speeches criticizing Thieu. (Page 2)

Israeli and Egyptian spokesmen have been issuing gloomy statements on prospects for reopening the Suez Canal. (Page 3)

Ambassador MacArthur senses growing anti-British sentiment in Iran. (Page 5)

The Soviets are interested in acquiring US equipment for developing Siberian oil and gas fields. (Page 6)

Chilea

(Page 7)

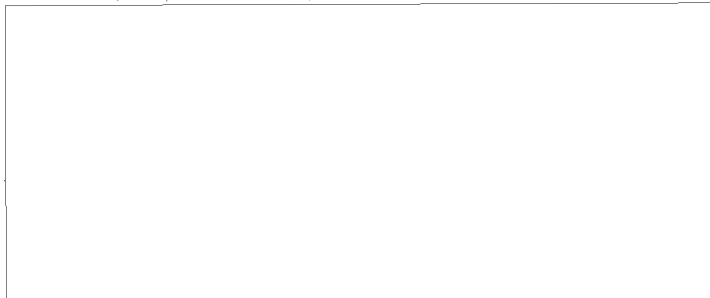
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FOR THE PRESIDENT ONLY**SOUTH VIETNAM**

[redacted] the Viet Cong plan to work in support of almost any candidate in the Lower House elections this August who speaks out against the government or shows sympathy for Communist objectives. Their agents living in government areas are already forming political action teams to assess potential candidates and organize support for certain ones, once selected. Agents also will try to join legally established parties and social organizations and to maneuver inside these groups on behalf of chosen candidates. In areas where government control is too tight to permit this type of political action, the Communists will resort to selective terrorism, including assassinations of government-sponsored candidates and sabotage of polling places.

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The Communists probably are not strong enough in most areas to tip the balance in favor of opposition candidates who do not already have strong local support. Many opposition candidates, moreover, are likely to be chary about receiving any Communist backing, especially of an overt nature. Nonetheless, behind-the-scenes Communist activity could result in placing more anti-government spokesmen in the Lower House in August, and perhaps in encouraging a greater opposition vote in the presidential elections in October.

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SOUTH VIETNAM

Vice President Ky, in a recent speech to supporters of his presidential candidacy in the city of Nha Trang, declared that he would seize power if the coming presidential elections in October were not fair, [REDACTED]

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[REDACTED] Ky also strongly criticized the government's tolerance of nepotism, corruption, and subservience to Americans, [REDACTED]

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[REDACTED] and said that if he were elected president, he would end the war through negotiations with North Vietnam. Ky delivered another hard-hitting speech along similar lines in Cholon on 17 June.

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Yesterday, the Thieu government confiscated 15 of Saigon's 30-odd daily newspapers for printing articles containing statements by Ky which were claimed to be "harmful to national security and the fighting spirit of the armed forces."

[REDACTED]
"Big" Minh said that Ky has been "able to buy" the necessary 100 provincial council members to endorse Ky's candidacy at a cost Minh claims was between US \$4,000 and \$6,000 each. Minh also acknowledged that he himself now has two more than the needed 40 endorsements from national assemblymen.

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Ky's attacks on the government, if accurately reported, are among his strongest yet. Although his talk of a coup is old hat and is not to be taken seriously at this time, his position as vice president lends weight to some of his charges about corrupt government practices. Moreover, his latest statements indicate that he is likely to continue to provoke Thieu into actions--such as those against the press--that may be politically embarrassing for the incumbent administration.

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EGYPT-ISRAEL

Spokesmen in both countries are issuing gloomy public statements on prospects for reopening the Suez Canal:

--Israeli cabinet minister Yisrael Galili said yesterday in a newspaper interview that as long as Egypt's conditions for reopening the canal remain unchanged, hope for an agreement is unrealistic. He doubted that the Soviets would encourage what they must view as a hopeless Egyptian attack across the canal, but he estimated that Egypt might embark on another war of attrition, relying on "new weapons" received from the USSR.

--In a similar statement, Defense Minister Dayan has said that because of the gap between the positions of the two sides, there is "no prospect" for an interim settlement.

--Egypt's semiofficial newspaper Al Ahram reported yesterday that Cairo has despaired of US efforts to work out a Middle East settlement. Al Ahram's editor predicted that the approach of the 1972 presidential elections in the US will end any chance of American pressure on Israel. He warned that "no one" expects the tense cease-fire to last much longer, even though no one could predict when it would end.

--Egyptian Foreign Minister Riyad, in an interview in Paris on 17 June, dismissed US-initiated negotiations on opening the canal as a propaganda trick to prolong the Middle East cease-fire.

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Israeli newspapers, meanwhile, are saying that the government is seriously concerned over reports that the US is planning to present its own proposal on a Suez agreement. According to the press, "Israeli sources" have commented that any such plan will probably cause a deadlock in the negotiations for an interim settlement, just as Jarring's proposals earlier created a deadlock in negotiations toward an overall settlement.

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IRAN

In recent discussions with Iranian officials, Ambassador MacArthur has sensed that latent anti-British sentiment--a residue of Britain's harsh treatment of Iranians during the imperialist past--is being brought to the surface by the protracted dispute over sovereignty of three small islands in the Persian Gulf [REDACTED]

[REDACTED] The ambassador is concerned that Iranian distrust of the British may develop into real hostility, with Iran seeking some form of retaliation. The foreign minister, who admits he is anti-British, has even hinted darkly about possible withdrawal from CENTO.

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The Iranians could be expected to talk tough in order to gain as much diplomatic leverage as possible in support of their claim to sovereignty over the Gulf islands. Their suspicion that the British are plotting with such disparate partners as Kuwait, Iraq, and Egypt to undermine Iran's interests in the area has added all the more heat to the issue. Important economic and commercial ties between the two countries, however, would make the Shah weigh carefully the consequences of any drastic action.

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USSR-US

A Soviet geophysical delegation recently in the US emphasized Moscow's interest in acquiring US drilling tools and other equipment, even at premium prices, for use in developing the USSR's west Siberian oil and gas fields. The Soviets admitted that extensive imports of such items, which are subject to US export controls, will be necessary if the USSR is to meet its oil and gas targets for 1975. The Soviet spokesmen added the US would be the preferred supplier, replacing several countries in western Europe that now fill this role.

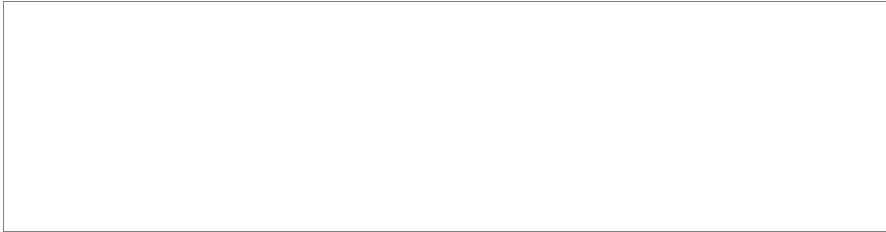
This overture is similar to the one made last month by a high-level Soviet delegation for a relaxation of US export controls on equipment sought by the USSR to manufacture trucks and other vehicles.

In a related development, Moscow and Bonn are negotiating a second major contract involving the exchange of Soviet natural gas for German large-diameter pipe and pipeline equipment.

Large diameter pipe has been a chronic headache for the Soviets. They are not able to manufacture enough equipment to build pipelines for the amounts of oil and gas they hope to be producing in western Siberia by 1975.

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